

Town of Florence, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2025

TOWN OF FLORENCE, ARIZONA
YEAR ENDED JUNE 30, 2025
TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report.....	1
Annual Expenditure Limitation Report – Part I.....	2
Annual Expenditure Limitation Report – Part II.....	3
Annual Expenditure Limitation Report – Reconciliation.....	4
Notes to Annual Expenditure Limitation Report.....	5-6



INDEPENDENT ACCOUNTANTS' REPORT

To the Arizona Auditor General

The Honorable Mayor and Town Council
of the Town of Florence, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of the Town of Florence, Arizona (the Town), for the year ended June 30, 2025, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.


Fester & Chapman, PLLC

January 16, 2026

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2025

1. Economic Estimates Commission expenditure limitation	\$ <u>137,987,908</u>	
2. Voter-approved alternative expenditure limitation		
3. Enter applicable amount from line 1 or line 2	<u>-</u>	\$ <u>137,987,908</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>48,182,878</u>	
5. Total adjusted amount subject to the expenditure limitation		<u>48,182,878</u>
6. Amount under the expenditure limitation		<u><u>\$ 89,805,030</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Fiscal Officer: 
Name and title: Carl Dudding, Finance Director
Telephone number: 520-868-7560
Date: January 16, 2026

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT – PART II
 YEAR ENDED JUNE 30, 2025

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 37,258,804	\$ 17,461,558	\$ 54,720,362
B. Less exclusions claimed:			
1. Grants and aid from the federal government (Note 2)	3,012,350		3,012,350
2. Amounts received from the State of Arizona (Note 2)	789,075		789,075
3. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 2)	<u>2,736,059</u>		<u>2,736,059</u>
Total exclusions claimed	<u>6,537,484</u>		<u>6,537,484</u>
C. Amounts subject to the expenditure limitation	<u>\$ 30,721,320</u>	<u>\$ 17,461,558</u>	<u>\$ 48,182,878</u>

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2025

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	\$ 38,736,283	\$ 8,908,420	\$ 47,644,703
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation and Amortization		1,784,463	1,784,463
Pension expense (Note 3)	1,541,347	102,735	1,644,082
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 4)	<u>3,556,268</u>		<u>3,556,268</u>
Total subtractions	<u>5,097,615</u>	<u>1,887,198</u>	<u>6,984,813</u>
C. Additions:			
1. Principal payments on long-term debt		667,430	667,430
2. Capital assets acquisitions		9,619,018	9,619,018
3. Pension contributions paid in the current year (Note 3)	<u>3,620,136</u>	<u>153,888</u>	<u>3,774,024</u>
Total additions	<u>3,620,136</u>	<u>10,440,336</u>	<u>14,060,472</u>
D. Amounts reported on Part II, Line A	<u>\$ 37,258,804</u>	<u>\$ 17,461,558</u>	<u>\$ 54,720,362</u>

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and the statement of cash flows for the proprietary funds.

NOTE 2 – GRANTS AND AID FROM FEDERAL GOVERNMENT

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the governmental funds:

Grants and aid from the federal government	\$	3,012,350
Amounts received from the State of Arizona		789,075
Highway user revenues in excess of those received in fiscal year 1979-80		2,736,059
Nonexcludable revenues		<u>12,927,034</u>
Total intergovernmental revenues as reported in the fund financial statements	\$	<u><u>19,464,518</u></u>

TOWN OF FLORENCE, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 YEAR ENDED JUNE 30, 2025

NOTE 3 – PENSION

The \$102,735 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise fund. The \$153,888 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise fund. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

Statement of Cash Flows

Change in net pension and OPEB liability	\$ 58,121
Change in deferred inflows related to pensions and OPEB	7,124
Change in deferred outflows related to pensions and OPEB	<u>(116,398)</u>
Total	<u><u>\$ (51,153)</u></u>

AELR- Reconciliation

Pension/OPEB contributions - addition	\$ 153,888
Pension/OPEB expense(income) - subtraction	<u>102,735</u>
	<u><u>\$ (51,153)</u></u>

The subtraction for pension expense in the governmental funds consists of nonemployer contributions to the Public Safety Personnel Retirement System (PSPRS) that were reported as a revenue and an offsetting expenditure in the governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

NOTE 4 – SEPARATE LEGAL ENTITIES

The \$3,556,268 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Merrill Ranch Community Facility District No. 1 and No. 2 included within the Town's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements.